



State of Rhode Island and Providence Plantations

State House, Room 224
Providence, Rhode Island 02903
401-222-2080

Lincoln D. Chafee
Governor

June 25, 2012

TO THE HONORABLE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES:

In accordance with the provisions of Section 14, Article IX of the Constitution of the State of Rhode Island and Section 43-1-4 of the Rhode Island General Laws, I transmit, with my disapproval, 2012-H 7782, Substitute A, "An Act Relating to Insurance – Unfair Competition and Practices."

This bill would: set standards for declaring a vehicle a total loss if the cost to repair the vehicle is less than 75 percent of the value of the vehicle; require an insurer to negotiate payment for auto body repairs in good faith; and allow private rights of action by auto body shops against insurance companies.

No other state in the nation allows auto body shops to set repair prices outside of the marketplace, determine whether a vehicle should be totaled without the input of the consumer and the insurance company, or to be an outside third party now authorized to effect an existing insurance policy between a consumer and an insurance company. While I understand the desire to ensure auto body employees are adequately compensated for their skills and attention to safety, I believe this bill would hurt Rhode Island consumers by raising their auto insurance rates and impairing their existing contract agreements with their insurance companies. With many Rhode Island families continuing to struggle as our state economy recovers, I do not believe it is appropriate to pass on any unnecessary additional costs to consumers.

For the above reasons, I disapprove of the aforementioned legislation, H 7782 Substitute A, and respectfully urge your support of this veto.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Chafee", written over a horizontal line.

Lincoln D. Chafee